

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2014-15 Base Year Doubled	2015-17 Governor	2015-17 Jt. Finance	Joint Finance Change to:			
				Governor		Base	
				Amount	Percent	Amount	Percent
GPR	\$284,449,600	\$286,911,600	\$283,021,600	- \$3,890,000	- 1.4%	- \$1,428,000	- 0.5%
FED	3,135,400	3,135,400	3,135,400	0	0.0%	0	0.0
PR	<u>2,469,600</u>	<u>2,469,600</u>	<u>3,279,600</u>	<u>810,000</u>	32.8	<u>810,000</u>	32.8
TOTAL	\$290,054,600	\$292,516,600	\$289,436,600	- \$3,080,000	- 1.1%	- \$618,000	- 0.2%

FTE Position Summary					
Fund	2014-15 Base	2016-17 Governor	2016-17 Jt. Finance	Joint Finance Change to:	
				Governor	2014-15 Base
GPR	11.00	7.00	10.00	3.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Joint Finance: Adjust the base budget by \$10,800 in 2015-16 and \$11,900 in 2016-17 and reduce the number of authorized positions by 1.0 beginning in 2015-16 to: (a) remove non-continuing elements from the base (-1.0 position beginning in 2015-16); (b) fully fund continuing position salaries and fringe benefits (\$9,300 annually); and (c) fully fund lease and directed moves costs (\$1,500 in 2015-16 and \$2,600 in 2016-17).

	Funding	Positions
GPR	\$22,700	- 1.00

2. MINNESOTA-WISCONSIN STUDENT RECIPROCITY [LFB Paper 390]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	- \$7,200,000	\$5,600,000	- \$1,600,000

Governor: Transfer the authority to enter into a student reciprocity agreement with the state of Minnesota to the UW System Authority Board of Regents on July 1, 2016, and delete the GPR sum sufficient appropriation with \$7,200,000 in 2016-17 for payments to Minnesota under the agreement.

In addition, make entering into such an agreement optional, instead of required as under current law. Delete language making such an agreement subject to approval by the Joint Committee on Finance and requiring that an annual administrative memorandum related to the agreement be approved by the Finance Committee through a passive review process. Delete language specifying that payments received under the agreement be deposited in the state's general fund. This would permit the UW System Authority to retain all tuition revenues paid by Minnesota students attending UW institutions under the agreement instead of transferring the amount of tuition paid that exceeds the Wisconsin resident tuition rate to the state's general fund.

Joint Finance: Delete provision. Reestimate the appropriation for payments to Minnesota under the agreement at \$6,400,000 annually, which would reduce funding by \$800,000 in 2015-16 and provide \$6,400,000 in 2016-17.

3. WISCONSIN COVENANT SCHOLARS GRANTS [LFB Paper 391]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$7,000,000	- \$9,490,000	- \$2,490,000

Governor: Provide \$3,000,000 in 2015-16 and \$4,000,000 in 2016-17 for the Wisconsin covenant scholars grant program. Total program funding would be \$15,170,000 in 2015-16 and \$16,170,000 in 2016-17. The amounts of funding provided are based on estimates of student participation in the Wisconsin covenant scholars grant program.

From spring, 2007, through fall, 2011, Wisconsin resident students enrolled in the eighth grade were invited to sign the Wisconsin covenant pledge. Students who successfully complete the pledge are eligible to receive Wisconsin covenant scholars grants while enrolled in UW institutions, technical colleges, private, nonprofit colleges and universities, and tribal colleges located in this state. Grants range from \$125 to \$1,500 based on student need and enrollment status.

The last class of students who were eligible to sign the Wisconsin covenant pledge will be eligible for Wisconsin covenant scholars grants beginning in 2015-16. The grant program is scheduled to end in 2020-21 when no students will be eligible for grants through the program.

Joint Finance: Reduce funding by \$2,450,000 in 2015-16 and by \$7,040,000 in 2016-17 to reflect a reestimate of program expenditures. Program funding would be \$12,720,000 in 2015-16 and \$9,130,000 in 2016-17.

4. TECHNICAL EXCELLENCE HIGHER EDUCATION SCHOLARSHIPS

GPR	\$2,639,300
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Governor/Joint Finance: Provide \$879,800 in 2015-16 and \$1,759,500 in 2016-17 for technical excellence higher education scholarships. Created by 2013 Act 60, the technical excellence scholarship program will provide scholarships of \$2,250 to high school seniors with the highest levels of proficiency in technical education subjects beginning in the 2015-16 year. Similar to the academic excellence scholarship program, half of the scholarship amount would be funded through a state GPR sum sufficient appropriation and the other half would be funded by the technical college in which the student enrolls.

5. TRIBAL COLLEGE PAYMENTS

PR	\$810,000
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Joint Finance: Create a new appropriation for tribal college payments under HEAB and provide \$405,000 PR derived from tribal gaming revenues annually for that purpose. Require the HEAB Board to make payments to each tribal college governing body by December 31 of each year in an amount equal to the product of: (a) the number of full-time equivalent Wisconsin resident students who were enrolled in the tribal college in the previous academic year for whom the tribal college will not receive funds from the Bureau of Indian Education (BIE); and (b) the per student funding amount that the tribal college received or expects to receive from BIE based on the tribal college's reported Indian student count for the previous academic year. Specify that, if the amount of funding provided through the appropriation for tribal college payments is not sufficient to make payments as calculated above, the Board would prorate the payments.

In addition, require the governing body of any tribal college that wishes to receive payments from the appropriation for tribal college payments to submit the following information to the HEAB Board by October 15 of each year: (a) the number of full-time equivalent Wisconsin resident students who were enrolled at the tribal college in the previous academic year for whom the tribal college will not receive funds from BIE; (b) the Indian student count for the previous academic year; and (c) the per student funding amount that the tribal college received or expects to receive from BIE based on the tribal college's reported Indian student count for the previous academic year. Define "Indian student" and "Indian student count" using references to federal code and define "tribal college" as an accredited college, operated or controlled by a federally recognized American Indian tribe or band in this state, that meets certain requirements specified in federal code.

6. PROVISION OF INFORMATION TECHNOLOGY SERVICES BY DEPARTMENT OF ADMINISTRATION [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance (Chg. to Gov) Positions	Net Change Positions
GPR	- 3.00	3.00	0.00

Governor: Require that all information technology services for the Higher Educational Aids Board be provided by the Department of Administration (DOA).

Delete 3.0 positions annually from the Higher Educational Aids Board's appropriation for administration and transfer responsibility for all information technology services to DOA. Funding associated with the positions (\$218,700 annually) would not be reduced, but rather reallocated to supplies and services to pay charges by DOA for information technology services. The bill does not specify that incumbent employees would be transferred to DOA.

On the effective date of the bill, specify that the assets and liabilities of the Higher Educational Aids Board related to information technology, as determined by the Secretary of DOA, would become the assets and liabilities of DOA. In addition, on the effective date of the bill, specify that all tangible personal property, including records, relating to information technology would transfer to DOA. Further, all information technology contracts would remain in effect and would transfer to DOA.

Joint Finance: Delete provision. [See "Administration -- Transfers."]

7. TRANSFER FUNCTIONS AND DELETE POSITIONS FOR DOA SHARED AGENCY SERVICES

Governor: Transfer the following functions to DOA under a shared agency services pilot program: (a) human resources services; (b) payroll services; (c) finance services; (d) budget functions; and (e) procurement services. Under the bill, DOA would be authorized to assess agencies for services provided under the pilot program in accordance with a methodology determined by DOA.

Joint Finance: Delete provision. [See "Administration -- Transfers."]

8. REPLACE TEACHER EDUCATION LOAN PROGRAM WITH TEACHER LOAN PROGRAM

Joint Finance: Require HEAB to establish a teacher loan program, create an appropriation for that program, and provide \$272,200 GPR annually. Specify that, to be eligible for a loan through the teacher loan program, a student must meet all of the following requirements: (a) be a resident of this state enrolled at least half-time as a sophomore, junior, or senior in an institution of higher education, as defined in 20 USC 1001 (a) and (b), located in this state; (b) be enrolled in a program of study leading to a teacher's license in a discipline identified as a teacher shortage area for this state by the U.S. Department of Education; and (c) have a grade point average of at least a 3.0 on a 4.0-scale or the equivalent. Provide that eligible students may be awarded loans of up to \$10,000 a year for not more than three years and set a maximum loan amount through the program of \$30,000 per student.

Specify that a loan recipient may have the principal and interest of loans received through the program forgiven if the recipient satisfies all of the following: (a) the recipient is employed

by a public or private elementary or secondary school in the city of Milwaukee as a full-time teacher in a high-demand area related to the recipient's program of study as described in (b) above; and (b) the recipient receives a rating of proficient or distinguished on the educator effectiveness system or the equivalent in a school that does not use the education effectiveness program. Provide that loan recipients would have 25% of the principal and interest of their loans forgiven for each school year in which the recipient satisfies (a) and (b). Specify that loan recipients who do not have their loans forgiven based on their employment would repay their loans at an annual interest rate of 5% and that the HEAB Board would deposit repayments made in the state's general fund as GPR-Earned.

In addition, delete the existing teacher education loan program, the corresponding appropriation, and the \$272,200 GPR annually provided for that program under the Governor's budget. Under current law, the teacher education loan program provides loans to Wisconsin residents enrolled in the teacher education programs at the Milwaukee Teacher Education Center (MTEC). Loan recipients must agree to teach in a first-class city school system under Chapter 119 of the statutes (Milwaukee Public Schools). For each year the borrower teaches in the eligible school district, 50% of the loan is forgiven. If the student does not teach in the eligible district, the loan must be repaid at an interest rate of 5%.

9. MODIFY MINORITY TEACHER LOAN PROGRAM

Joint Finance: Modify the minority teacher loan program such that only minority students who meet all of the following would be eligible to receive loans through the program: (a) are residents of this state enrolled at least half-time as sophomores, juniors, or seniors in an institution of higher education, as defined in 20 USC 1001 (a) and (b), located in this state; (b) are enrolled in a program of study leading to a teacher's license in a discipline identified as a teacher shortage area for this state by the U.S. Department of Education; (c) are enrolled in a program of study that includes a student teaching component located at a public or private elementary or secondary school in the city of Milwaukee; and (d) have a grade point average of at least a 3.0 on a 4.0-scale or the equivalent.

Under current law, students who meet all of the following are eligible for loans through the minority loan program: (a) are enrolled at least half-time at a UW institution or a private, nonprofit postsecondary institution in this state; (b) are registered as juniors or seniors, or hold a bachelor's degree and are registered as special students; (c) are enrolled in programs leading to teacher licensure and are not currently licensed; (d) have a grade point average of at least a 2.5 on a 4.0-scale or the equivalent; and (e) agree to teach in a school district located in the state in which minority students constitute at least 29% of total enrollment or in a school district participating in the interdistrict pupil transfer (Chapter 220) program.

Specify that students who are eligible for loans through the modified minority teacher loan program may be awarded loans of up to \$10,000 a year for not more than three years and set a maximum loan amount through the program of \$30,000 per student. Under current law, students may receive loans of up to \$2,500 per year with a maximum cumulative loan amount of \$5,000.

In addition, specify that individuals who receive loans through the modified minority

teacher loan program may have the principal and interest of loans received through that program forgiven if the recipient satisfies all of the following: (a) the recipient is employed by a public or private elementary or secondary school in the city of Milwaukee as a full-time teacher in a high-demand area related to the recipient's program of study as described in (b) above; and (b) the recipient receives a rating of proficient or distinguished on the educator effectiveness system or the equivalent in a school that does not use the education effectiveness program. Provide that loan recipients would have 25% of the principal and interest of their loans forgiven for each school year in which the recipient satisfies (a) and (b). Specify that loan recipients who do not have their loans forgiven based on their employment would repay their loans at an annual interest rate of 5%.

Under current law, loan recipient may have 25% of the principal and interest of loans received through the minority teacher loan program forgiven for each year the recipient teaches in a school district located in the state in which minority students constitute at least 29% of total enrollment or in a school district participating in the interdistrict pupil transfer (Chapter 220) program. Loan recipients who do not have their loans forgiven based on their employment repay their loans at an annual interest rate of 5%.

Specify that these modifications to the minority teacher loan program would first apply to loans made after the effective date of the bill.